

Abstracts

The strengthening price of crude oil in recent years results in the tremendous fluctuation in the downstream PC market. Under this situation London Metal Exchange (LME) and the Multi Commodity Exchange of India Ltd. (MCX) successively promoted the plastic futures (PE and PP involved) in May and Aug, 2005.

The reform and improvement of Chinese economic system is also under way along with the further development of the national reform & opening-up efforts. Trades between different fields become more and more frequent in bigger and bigger quantity. Hence the requirement to maintain a store of value of commodity increases too. The whole demand for plastics in China, as the biggest plastic consumption market in the world, is 20% of the world's demand. Transaction activity in the market is very vigorous. However, Chinese average plastic consumption doesn't reach world's average yet. There's still great room left for further development.

Under such international and domestic contexts, it's obviously quite important to have a research on domestic plastic futures. This report, consulting the methods adopted by LME and MCX, selects PE and PP as the research objects.

First, the report analyses in brief the crude oil situation and its impact on plastic market. The necessity for China to introduce plastic futures is expatiated in view of the present status of Chinese plastic market in the world and the international & domestic situation of some plastic futures and mid- & long-term spot market.

Then the report analyses respectively the feasibility for PE & PP of each grade to come into the market in two chapters, making use of the domestic PE & PP market information and data collected in a long period and consulting the advice given by participants and experts. The details include:

- Market capacity and prospect

- Unification of property index
- Unification of price
- Fluctuation of price
- Possibility of monopoly

The conclusion is it's completely feasible to promote domestic plastic futures and the plastic products suitable to come into the market as futures are LLDPE and PP yarn. The delivery varieties are confirmed in the end.

Finally, PE & PP futures agreement are designed in brief, consulting the methods adopted by LME, MCX and domestic Yuyao internet plastic market. The significance and effect of domestic plastic futures after they come into the market are also expressed.

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